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Renewal of Dealer Licenses and Plates

Current licenses and plates expire on December 31, 2012. Any old plates still in use after this date should be destroyed to avoid action by law enforcement.

The Office of Vehicle and Motor Carrier Services will be sending renewal notices starting in October 2012. To be guaranteed new plates, your renewal application must be submitted to Vehicle Services no later than December 1.

Licenses and plates issued for the next two-year cycle will be valid from January 1, 2013, to December 31, 2014. The fees for licenses and plates have not changed.

Reminder: All used motor vehicle dealers MUST complete a minimum of five hours of continuing education program courses over a two-year period pursuant to renewal of their dealer license.

Those dealers who are seeking renewal of a used motor vehicle dealer license who have taken the pre-licensing education requirement within the preceding 24 months are exempt from the continuing education requirement for license renewal.

New Look for Dealer Plates



Motor Vehicle Enforcement Corner

INTERNET SALES

The use of the internet has proven an effective way to buy and sell cars both for licensed motor vehicle dealers and for the general public. The internet will not go away anytime soon and we anticipate a continued increase in the use of the internet for motor vehicle transactions. While the internet is a great tool, it also brings about issues with regard to how licensed dealers use it to offer vehicles for sale.

To summarize Iowa law, Iowa Code section 322.3(11) states that a licensed dealer shall not sell, offer for sale, display, represent, or advertise that they intend to sell vehicles from a location other than their licensed location. Iowa Code section 321.104(2) states a dealer shall not hold or display for sale a motor vehicle without having obtained a title for the vehicle, unless allowed by law.

If a licensed dealer has a motor vehicle offered for sale on the internet, the motor vehicle title must properly show this dealer as the owner. Also, this vehicle can only be physically displayed and offered for sale at the licensed location of the specific dealer who is offering the vehicle for sale on the internet. Retail brokering and retail consignment selling of motor vehicles is not allowed in Iowa. This applies to all motor vehicle sales including salvage titled vehicles.

If you have questions regarding motor vehicle dealer license regulations, please contact the Office of Motor Vehicle Enforcement, Investigative Unit, at our toll free number: 866-908-4636 or via email at invme@dot.iowa.gov.

Attorney General Corner

Compliance with the Iowa Consumer Credit Code Notification Requirement

Any car dealership that arranges or extends financing in Iowa needs to file Iowa Consumer Credit Code Notification with the Attorney General's Office and pay the annual fees. The Iowa Consumer Credit Code, Iowa Code chapter 537, requires all companies that enter into consumer credit transactions, such as retail installment sales contracts, leases, rent-to-own, or other credit programs with Iowa consumers to file an annual report with the Administrator of the Credit Code – the Iowa Attorney General's office. The Credit Code also requires all creditors and assignees to pay both an annual and a volume fee. New and used car dealerships, for example, are subject to the notification requirement and annual fee if they initiate the consumer credit sale of an automobile with an Iowa consumer, a requirement that applies even if the dealer immediately assigns the credit contract to a third party. Car dealerships that also hold the paper on consumer credit sales they initiate with Iowa consumers (e.g., under a "Buy Here, Pay Here" system) must pay the volume fee in addition to filing the notification statement and paying the annual fee. Specific information about these requirements may be found on the Attorney General's Website:

http://www.iowaattorneygeneral.gov/protecting_consumers/business_registration_info.html. In addition, you may call the Attorney General's office at 515-281-5926 or e-mail the office at: consumer@iowa.gov if you have any questions.

Compliance with Credit Advertising Disclosure Laws

Iowa new and used auto dealers are reminded to make sure to comply with federal and state credit disclosure requirements when advertising vehicles under auto loan or auto lease terms. The Attorney General's office reviews dealer advertising on a routine basis for compliance with these laws.

Federal and state law requires dealers to include certain clear and conspicuous disclosures in advertisements for loans or leases when certain other "trigger terms" are used in the advertisement. These requirements apply regardless whether the advertisement is in print, broadcast on radio or television, posted on a vehicle or listed on the Internet. There are significant penalties for failure to comply. Dealers should consult their attorneys for compliance checks. In addition, an advertising packet for dealers including information about these disclosure requirements is available from the Attorney General's Office. Simply call or e-mail the office to request the packet.

Dealers must identify themselves in all advertisements

Iowa law requires auto dealers to identify the dealership by name in all advertising. It is unlawful for a licensed Iowa dealer to advertise a vehicle on Craigslist, eBay or other online listing sites without including the dealership name in the advertisement.

Avoid "spot delivery" risks and violations

Iowa licensed dealers who enter into retail installment contracts with consumers before obtaining financing for the consumers run substantial risks and should avoid engaging in practices which violate applicable law. The Attorney General's Office recommends that dealers consider avoiding "spot delivery" altogether and only releasing a vehicle to a buyer after financing is definitely secured.

Nonetheless, if you choose to engage in spot delivery, be aware of the governing law. First, retail installment contract forms make the dealer the original creditor on the loan with the expectation that the credit agreement will be assigned to an actual lender. The retail installment contract is enforceable by the consumer unless it includes a contingency clause providing that the contract may be cancelled if financing under terms acceptable to the consumer is not obtained. In other words, the dealer will have to carry the loan if the dealer can't finance the sale and there is no clear and conspicuous contingency clause in the contract. Any such contingency clauses must be included in the retail installment contract as Iowa law requires retail installment contracts to be complete as to all essential provisions. Contingency clauses of this sort should be written so that they can be easily understood by consumers. In addition, we strongly recommend that dealers go over any such contingency clauses in detail with consumers.

In addition, if a dealer sells the consumer's trade-in vehicle before lending is approved the dealer runs the risk of having to reimburse the consumer for the value of the trade-in for at least the amount at which the dealer valued it as listed on the purchase agreement. If the dealer inflated the trade-in value on the purchase agreement, sold the trade-in and later has to unwind the deal, the dealer should expect to absorb the difference between that value and any lower number at which the dealer contends it "actually valued" the trade-in. The Attorney General's office contends that using any value other than what is on the purchase agreement for calculating the consumer's refund for a sold trade-in is an unfair practice and, as such, is unlawful pursuant to the Iowa Consumer Fraud Act.

Finally, dealers must comply with federal and state consumer credit laws in attempting to recover a vehicle from a consumer who has signed a retail installment contract but for which the dealer has been unable to obtain financing. Dealers cannot simply repossess the vehicle, regardless whether the consumer signed something agreeing the dealer could do so. The Iowa Consumer Credit Code requires consumers to be in default before a creditor can act to collect a debt and the law applies regardless whether the transaction is nullified for lack of financing. In addition, under the law consumer waivers of Credit Code rights are null and void – consumers cannot waive their rights. Therefore, before taking any action to recover the vehicle the dealer must give the consumer notice and 10 days to return the vehicle. If the consumer fails to do so within those 10 days the dealer must then send the consumer a notice of right to cure and give the consumer 20 days to comply before acting to repossess the vehicle. Under no circumstances should a dealer file a police report that the vehicle has been stolen. That may constitute filing a false report of a crime and would also be an unlawful act to collect the debt. We strongly advise that dealers consult their private attorneys for legal advice regarding this issue.

Legislation Updates

HF 2399 – Effective July 1, 2012

- A bill for an act relating to scrap metal transactions, prohibiting certain sales, and providing penalties.

HF 2467 – Effective July 1, 2012

- A bill for an act relating to the regulation of snowmobiles, all-terrain vehicles and watercraft by the Department of Natural Resources, establishing fees and making penalties applicable.

SF2282 – Effective July 1, 2012

- A bill for an act concerning the definitions of “all-terrain vehicle” and “off road utility vehicle” for purposes of provisions administered by the Department of Natural Resources.

SF 2249 – Effective April 4, 2012

- Provides for the issuance of a permit by DOT to allow dealers meeting certain criteria to display and offer for sale used motorcycles at rallies. Go to <http://www.iowadot.gov/mvd/ovs/usedmotorcyclerrally.html> for details.
- Changes the law that allows for the issuance of a permit to display and offer for sale new vehicles at fairs, shows, and exhibitions from the county where a new dealer is located to the dealer's community (franchise area).
- Changes the definition of travel trailer, for the purposes of travel trailer dealer licensing, to exclude those vehicles so designed as to be towed exclusively by a motorcycle.

SF 2112 – Effective July 1, 2012

- Allows for the titling and registration of wheeled military vehicles that are substantially in compliance with Federal Motor Vehicle Safety Standards.

Adm. Rule 761-450.7 – Effective July 4, 2012

- Eliminates the current medical exemption for dark windows which permits such windows to have a standard of transparency down to 35 percent. A motor vehicle fitted with darkened windows before July 4, 2012, may continue to be operated with the darkened windows on or after July 4, 2012, so long as the vehicle continues to be used for the transport of a passenger or operator that obtained a medical exemption prior to July 4, 2012. The Medical Dark Window Exemption form #432020 must be carried at all times in the vehicle to which the exemption applies.

Adm. Rule 761-425.3 and 431.1 – Effective July 4, 2012

- Dealers and recyclers must maintain a minimum of 32 posted hours between 7:00 am and 9:00 pm Monday through Friday.

Dealer Questions and Answers

- Q) When do the current dealer licenses and plates expire?
A) December 31, 2012. Titles cannot be transferred after this date unless the license has been renewed.
- Q) If I have not received my new dealer plates by December 31, can my old dealer plates be displayed after that date?
A) No.
- Q) How long will my dealer license be valid once I renew?
A) December 31, 2014.
- Q) Is there a phone number to call if I have questions regarding the dealer renewal?
A) Yes, 515-237-3110. Or you may email your question to Vehser@dot.iowa.gov.
- Q) Can I pay with one check if there is more than one renewal?
A) Yes, as long as the check number is written in the space provided on each renewal.
- Q) Who needs to complete the dealer continuing education?
A) All used motor vehicle dealers MUST complete a minimum of five hours of continuing education program courses over a two-year period to renew their dealer license. Those dealers who are seeking renewal of a used motor vehicle dealer license who have taken the pre-licensing education requirement within the preceding 24 months are exempt from the continuing education requirement for license renewal.

- Q) Who is exempt from taking the continuing education or the pre-licensing education required course?
- A) New, franchised motor vehicle dealers, used car dealerships OWNED by a franchised motor vehicle dealer, motor vehicle rental companies having a national franchise, national motor vehicle auction companies, banks, credit unions and savings and loan associations, leasing companies, vehicle recyclers, manufacturers, distributors, and travel trailer dealers.
- Q) Where will the continuing education classes be held?
- A) Information relating to class schedules, locations and fees can be obtained via the web at Iowa Independent Automobile Dealers Association website: http://www.iowaiada.com/en/dealer_education.cfm or phone 866-962-9202.
- Q) When can I expect to receive my renewal notice(s)?
- A) All renewal notices will be mailed out no later than October 15, 2012. Contact the Dealer License Section at 515-237-3110 if you do not receive a notice.
- Q) Can I make changes on the dealer renewal such as ownership, address, and name, etc.?
- A) No, changes cannot be made on the renewal, as this is a renewal of current information on file. Most changes require additional documentation.
- Q) I have both a travel trailer and motor vehicle dealer license. Will I receive two renewals? Will my dealer plates display the same dealer number such as the motor vehicle dealer number?
- A) Yes, you will receive two renewal notices. Each renewal will need to be completed, signed, and returned. Your dealer plates will display the dealer number of each license number. If you order dealer plates under your motor vehicle number, those plates will display the motor vehicle dealer number. If you order plates under your travel trailer dealer number, those plates will display your travel trailer dealer number, so you will have two sets of plates.
- Q) Where can we get information on motor vehicle registration fees?
- A) Vehicle registration fees can be queried on the Vehicle Services web page at: <http://www.iowadot.gov/mvd/ovs/default.htm> by clicking on [Registration fee calculators](#) and going to "Tools" > "Dealer Inquiry" and selecting one of the five available tools. The site now includes a registration inquiry function that returns vehicle-only information if a VIN, title number, or junking certificate number is available. The information returned will indicate if there are security interests, if a vehicle is currently registered or not, if there are any brands, and vehicle description information.
- Q) Can a dealer offer a vehicle for sale that they have purchased at an auction for which they were not provided a title because the selling dealer is paying off a lien that was on the vehicle?
- A) No. A dealer who sells a vehicle at auction or via a regular retail sale, without a title, is in violation of the law. A dealer may only *offer for sale* a vehicle without a title for a period of up to 30 days *provided* the dealer has forwarded the payoff to the lienholder.
- Q) How is a vehicle's "registration year" determined and is this information required to be included on the vehicle title application?
- A) For most vehicles, a vehicle's "registration year" begins on the first day of the month following the owner's birth month. The birth month must be listed on the title application that is submitted to the county treasurer's office. The online registration fee calculators are most useful in determining the correct fees due.

Vehicle Services Web Page

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For information concerning:

- Dealer licensing
- How to obtain replacement dealer plates
- How to obtain a permit for a fair, show, or exhibition
- How to obtain motor vehicle related forms
- Specialty license plates
- Title and registration information
- Other frequently asked questions

Motor Vehicle Enforcement Web Page

For information concerning:

- Investigator duties
- Salvage vehicles
- Complaint resolution
- Identity theft
- Other frequently asked questions

Please visit Motor Vehicle Enforcement's

website at: <http://www.iowadot.gov/mvd/omve/default.htm>